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THE FINANCIAL SITUATION.

The trading element in Wall Street found the stock market last week very unsatisfactory. They were duly impressed at the beginning of the week with the favorable character of business and speculative conditions, and bought stocks rather freely; but when they discovered that the general speculative spirit in the country was still cold, and that the time was not yet for prices to go up by leaps and bounds, they were greatly disgusted, and inclined not only to dispose of whatever shares of stock they had on which profit had accumulated, but to sell a few shares borrowed from their neighbors. Hence, naturally, a good deal of talk was heard of crop damage, gold shipments, foreign wars, labor troubles and various other bad things. All these pretenses for selling stocks were, of course, trivial. It is clear that only small damage has been done to winter wheat. No intelligent person expects that the almost perfect condition of this crop shown at the opening of spring can be maintained without fail until the July harvest, but the simple fact to-day is that, allowing for all injury either present or that can fairly be said to be prospective, the outlook for the winter wheat crop is for a crop larger by 50,000,000 bushels than was ever raised in this country before. Prospects of gold shipments never scared anybody except somebody who wanted to be scared, when money was offered at 2 per cent, on call and at 4½ per cent, for sixty and ninety days, and at 5 per cent, for eight and nine months; nor are gold exports, for that matter, at all assured. The foreign exchange market last week acted like a market that was running away from gold shipments. Each time the shipping point was reached something occurred to remove it further off. The bringing out of the Transvaal loan in England has, of course, complicated the foreign exchange situation greatly. The loan was issued on very favorable terms and has been heavily oversubscribed. This has caused the Bank of England's rate to be upheld at a figure far above that warranted by the bank's proportion of reserve in hand to liabilities; and it has caused, likewise, a general inflow of Continental funds to London, which has had the effect, thus far, of frustrating gold exports on the "triangular" basis from this side. When the first installment of subscriptions to the loan is paid in, the English Bank will know where it is; in the meantime, naturally, a great deal of money is tied up. The foreign cables are very clear upon this point.

Similarly, there is nothing in the Turkish or Russian political situation that need be alarming. It seems as though there had been a great deal of misunderstanding about the Russian aggression, so called, in Manchuria. At any rate, no nation but Japan will ever think of taking up arms about it; and Japan is in no condition to make a disturbance in the present distressed state of her finances. The lukewarmness of France, Germany, and even England, on the subject is very apparent, and just why Mr. Hay in Washington is worrying over the matter so much more than his European brethren are is a little mystifying to people in the business world. The labor troubles now seem to be described as annoying rather than serious. They are of only local importance and involve no great national industries. The real reason for Wall Street's present narrow market is not found in any of these matters that have been named, nor is it even the supposed apathy of the general public. It lies in the fact that while the great banking interests are of one mind, entirely, that necessary liquidation in the market has been completed, and strongly advised their friends that the drivers of bearish operators against values on the Stock Exchange only afford a splendid opportunity of picking up stocks, they desire that the improvement in the market shall be slow, gradual and safe. They want no more such antics in Wall Street as those of last summer, which brought us to the verge of a panic in the fall. This determination is that this year the financial community shall be prepared for the crop-moving season. Once that preparation is made, we may have a "bull market" of the old-fashioned kind. Meantime, there are certain stocks whose price, probably, cannot be kept down. Their cheapness is likely to become so apparent that their price will advance rapidly, however moderate may be the pace of the general list of securities.

Easy money, good crops, big railroad earnings—almost certainly resulting in some cases in increased dividends—and prosperous general business, are the rocks upon which the security market rests just now. There is one matter in particular whose importance has been strangely overlooked by the speculative community, and that is the meaning to this country of the present condition of the world's wheat supply and the prospects of the coming harvests in the wheat-producing nations. Bradstreet's report, than which there is none more authoritative, is that on May 1 the stock of wheat in the United States and Canada was, in round numbers, 56,000,000 bushels, or less than at any corresponding date in the last four years. European stocks are only 52,000,000 bushels, or smaller than they have been for twenty years. The total American and European supply is only 13,000,000 bushels larger than in the low record year, 1898. Statistically, in other words, the world's wheat position is practically the same as that which preceded the extraordinary rise in the price of the grain five years ago. Capping all this are the moderate and in many cases miserably poor expectations for the season's wheat crop in other countries and the magnificent promise of our own agricultural section. The export demand for our wheat this summer and fall will, therefore, according to all present indications, be enormous. It looks as though we would not only have a great wheat crop, but get a great price for it. Wall Street will understand some day, not a very long way off, what all this means.

Everything seems to be working as favorably as it can, too, regarding the money situation. It seems now that the Panama Canal payment by our Government will not occur until the fall, and if such postponement is made, it will be wholly a good thing. The \$50,000,000 or \$60,000,000 concerned will then be distributed in our financial market at a time when the sun will come in handy for moving the crops, and at that time the Secretary of the Treasury will probably be enabled to consummate the transaction without drawing upon the Government moneys now held in the national bank depositories. The danger about the matter has been hitherto, as frequently described in this column, that the surplus in the Treasury has not been increasing since the first of the year as rapidly as it did before that time, and that, therefore, it was problematical whether the entire Panama Canal payment could be taken out of the free money in the Treasury vaults and leave behind a residuum sufficient for the Government's working balance. If the time of the payment had been set for July 1, drafts upon the Government depositories would have been made almost certainly. Now that the money will not have to be paid until fall, the Treasury surplus will have an opportunity to mount to proper figures. The practical certainty that the

Clearing House scheme of requiring the trust companies in the city to keep a large cash reserve in their own vaults will fall through, the increase in the South African gold production to figures approximating the maximum production known before the Transvaal war, and the very great success of Secretary Shaw's bond refunding scheme, by which the circulating medium of the country will be increased between \$25,000,000 and \$35,000,000, are matters for further serious consideration by those who think that there will not be "money enough to go around" in this country this year.

There now seems to be no doubt, also, that, at the extraordinary session of Congress, to be called some time in the fall, a bill consolidating and reforming our financial legislation will be introduced which will have the united support of the leaders of the dominant political party; and there is authority for the statement that this bill will be pushed to a vote within thirty days from the time that it is laid before Congress. Nearly all persons whose opinions are worth anything are agreed that the trouble with our present money supply is not that it is insufficient, but that it is inelastic. It does not expand and contract with the needs of the country. While it is doubtful, therefore, if Congress will enact an "asset" currency scheme, it is not improbable that some combination of the present bond secured circulation with one based in part upon bank assets will be arranged. All the provisions of the Aldrich bill, allowing customs revenue to be deposited in the national bank depositories, &c., will be retained; and the law limiting the rate at which bank circulation can be retailed at \$1,000,000 a month will undoubtedly be abolished. The abolition of this law will be, indeed, almost the most important of all the measures proposed. It is the one great obstacle in the way of real and active currency elasticity; for, inasmuch as banks now know that they can only retire their circulation in a limited way, and will have to keep it out and pay taxes upon it for a long time once they do take it out, they hesitate to ask for the issue of bills, even when they may see a good profit in their use and the issue may serve to abate financial stringency.

The features of the stock market last week were the Missouri Pacific, Amalgamated, Copper, Erie, Mexican, National and Delaware and Hudson shares. The first named stock was bought, generally, because of the tremendous Missouri Pacific earnings—unless some catastrophe happens this will be at the rate of over 12 per cent, upon this stock this year—but, specifically, because of the accumulation of steel that is going on in anticipation of the reorganization of the Gould system of railroads. It is a fair guess that this reorganization, when it is announced, will not take the form of a "holding company," but will resemble, rather, the character of the new Rock Island Company. Meanwhile, the Missouri Pacific dividend may be raised. The trade situation helps Amalgamated Copper. In spite of all reports from the discredited Metal Exchange or elsewhere, copper of standard grade is not selling at less than 15 cents a pound in this market and the tendency of prices is upward. There is not the slightest doubt that the Amalgamated Copper Company is now earning very much more than the present dividends disbursed by it. The reasons for the peculiar strength of all the other stocks that have been referred to have been duly detailed in the daily financial columns of THE SUN.

DANIEL F. KELLOGG.

FINANCIAL AND COMMERCIAL.

UNITED STATES AND STATE BONDS (IN \$1,000,000)

Open High Low Close
Sales.

30 U.S. 2st.....106 106 106 106

2 U.S. 2nd.....106 106 106 106

1/2 U.S. 3rd.....107 107 107 107

1/2 U.S. 4th.....107 107 107 107

1 U.S. 4th.....136 136 136 136

RAILROAD AND OTHER BONDS

Open High Low Close
Sales.

5 U.S. 2st.....106 106 106 106

5 U.S. 3rd.....106 106 106 106

5 U.S. 4th.....106 106 106 106

5 U.S. 5th.....106 106 106 106

5 U.S. 6th.....106 106 106 106

5 U.S. 7th.....106 106 106 106

5 U.S. 8th.....106 106 106 106

5 U.S. 9th.....106 106 106 106

5 U.S. 10th.....106 106 106 106

5 U.S. 11th.....106 106 106 106

5 U.S. 12th.....106 106 106 106

5 U.S. 13th.....106 106 106 106

5 U.S. 14th.....106 106 106 106

5 U.S. 15th.....106 106 106 106

5 U.S. 16th.....106 106 106 106

5 U.S. 17th.....106 106 106 106

5 U.S. 18th.....106 106 106 106

5 U.S. 19th.....106 106 106 106

5 U.S. 20th.....106 106 106 106

5 U.S. 21st.....106 106 106 106

5 U.S. 22nd.....106 106 106 106

5 U.S. 23rd.....106 106 106 106

5 U.S. 24th.....106 106 106 106

5 U.S. 25th.....106 106 106 106

5 U.S. 26th.....106 106 106 106

5 U.S. 27th.....106 106 106 106

5 U.S. 28th.....106 106 106 106

5 U.S. 29th.....106 106 106 106

5 U.S. 30th.....106 106 106 106

5 U.S. 31st.....106 106 106 106

5 U.S. 1st.....106 106 106 106

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